LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS

301 State House
(317)232-9855

ADMINISTRATIVE RULE
FISCAL IMPACT STATEMENT

PROPOSED RULE: 02-50 **DATE PREPARED:** May 23, 2002
STATE AGENCY: Family and Social Services Administration **DATE RECEIVED:** Apr 12, 2002

FISCAL ANALYST: Alan Gossard
PHONE NUMBER: 233-3546

Digest of Proposed Rule: This rule amends 405 IAC 5-14-1 to limit annual expenditures for Medicaid-covered dental services to $600 per year for recipients 21 years of age and over. Currently, Medicaid pays the lower of the charge submitted by the provider or the maximum fee on file for all enrolled recipients for covered dental services without regard to a payment limit.

Governmental Entities: *State:* The annualized state savings from imposing a maximum $600 annual limit on adult dental services is estimated to be about $10.9 M, based on total expenditure reductions, state and federal, of $28.9 M. This represents an approximate 48% reduction in expenditures for adult dental services affecting about 32% of the enrollees receiving these services. (Sixty-eight percent of enrollees have annual expenditures of less than $600. The average expenditure for all enrollees is about $603.)

Due to anticipated implementation in mid-October, first-year expenditure reductions in FY 2003 are estimated to be about $7.8 M in state dollars, based on a total expenditure reduction, federal and state, of $20.5 M. This rule places no unfunded mandates upon state government.

Local: Local governmental units that provide Medicaid-funded dental services, such as county dental health clinics, may experience a decrease in payments. However, this rule places no unfunded mandates upon any local government unit.

Regulated Entities: This rule will reduce payments to dental providers in the amounts described above. According to the Office of Medicaid Policy and Planning (OMPP), there are approximately 1,155 dentists who provide dental services to 67,900 adults. (There is a total of about 1,255 dentists actively participating in the Medicaid program. However, about 100 are pediatric dentists providing services to children who would not be affected by this rule.)

When a dentist verifies the eligibility of a Medicaid recipient, the dentist will also be able to determine whether the recipient has exceeded the $600 limitation provided in this rule. Therefore, the dentist would not have to incur any costs or provide any services that are not eligible for reimbursement.

Information Sources: Carol Gable, Family and Social Services Administration, (317) 232-7798.